

FISCAL NOTE

SB 2670 - HB 2560

January 30, 2002

SUMMARY OF BILL: Amends the retirement law by granting certain Group 1 members up to three years of service credit in the retirement system for years of service the member did not render provided the member retires on a certain date.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$10,656,500 Annual Amortized Cost
\$154,000 Division of Retirement**

**Increase Local Govt. Expenditures* - \$2,592,800 Annual Amortized Cost
\$3,101,000 Annual Amortized Cost/Permissive**

**Other Fiscal Impact - Increase Federal/Other Expenditures:
\$2,255,700 Annual Amortized Cost**

Estimate assumes:

- Total lump sum pension liability to state government of \$158,165,000
- Annual amortization cost with a 20-year lump sum liability
- Only 70% of those members eligible would take advantage of the additional retirement
- A 60%-40% ratio between state and local funding for K-12 teachers
- Administrative costs of \$154,000 for four positions and related costs to the Division of Retirement.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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